

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION - DETROIT

FILED

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In the matter of:

CITY OF DETROIT, MICHIGAN

Debtor /

U.S. BANKRUPTCY COURT
E.D. MICHIGAN-DETROIT

Case No. 13-53846-swt

Chapter 9

Hon. STEVEN W. RHODES

OBJECTION TO CITY OF DETROIT'S PLAN OF ADJUSTMENT [DOCKET 2708]

FILED BY:

James F. Capizzi hereby states his/her/their OBJECTION TO:
CITY OF DETROIT'S PLAN OF ADJUSTMENT

for the following reasons.

1. I/we am/are interested in the Bankruptcy of the City of Detroit because
I am a city employee

2. I/we object to the above filing because:

Please see enclosed

3. I have not attached additional sheets to explain and establish my position.

I hereby certify that the statements made herein are true and correct under penalty of perjury and contempt of Court under the laws of the United States of America.

Wherefore we request the Court will deny the relief sought in said filing.

Name: James Capizzi

Signature: James Capizzi

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jcapizzi@yahoo.com

Dated:

I object to Detroit's alleged bankruptcy because as a follower of politics and news I believe that it is the most disingenuous contrived American event since George Bush invaded Iraq (whose Saddam Hussein was given Detroit's keys to the City). One may recall that Bush invaded Iraq following 911 even though Saddam Hussein had nothing to do with Al Qaeda or 911. The corporate media nonetheless trumpeted the Bush administration's lies and distortions instead of doing their jobs and challenging the falsehoods. I bring up only one piece of evidence regarding Iraq, to wit Bush's former Secretary of Treasury Paul O'Neil on 60 Minutes saying that practically from his first day in office Bush wanted to invade Iraq. Similarly, the corporate media states that the city of Detroit declared bankruptcy when in fact Kevyn Orr, Rick Synder's puppet, declared bankruptcy. An elected mayor or city council made no such pronouncement and said entities opposed the appointment of Orr. The corporate media continuously fails to report that Orr was made EM in violation of the popular ballot vote of the people of the state that voted against EMs. Where are those weapons of mass destruction for which Bush had proof?

This court has put the cart before the ox. Clearly the EM and Michigan Constitution issues should have been resolved first. Especially since its been well publicized that Synder's people went running to bankruptcy court 5 minutes before the pensions were going to invoke the Michigan Constitution in court. If Detroit really is bankrupt why was that necessary? The alleged (by Orr) oncoming cash flow problems would have made the situation clear, if it were so. Of course if one resolves not to collect the hundreds of millions owed the City there is more of a cash flow problem (Krystal Crittendon put it at around \$800 million). Now Orr gets to send millions of Detroit's dollars to his vulture buddies at Jones Day and other lawyers and accountants. If one combined the \$100 million coming from the Obama administration and the money Orr is wasting that covers the 2013 deficit. No deficit, no bankruptcy.

It is extremely dubious that bankruptcy could not have been avoided. I heard Ed McNeil of AFSCME 25 say that if the union's concessions and ideas had been adapted the City would have been in the black \$6 million in June of 2012. Yet extremely suspiciously Rick Synder intervened to stop the deal. The Michigan Municipal League reports that between 2003 -2013 the state cut revenue sharing to Detroit \$700 million (enclosed). This presumably doesn't include the \$220 million that Republican John Engler's (and Granholm) defaulting on the City income tax lowering deal eventually cost the City. As a senior programmer with the City when I asked somebody in the finance department how Bing was at collecting money owed the City. He replied that Bing was a "waste of time". This strongly suggests that under a competent mayor revenues to the City could be increased. Despite Jerome Goldberg's excellent deposition of Kevyn Orr this court insists on rewarding the very banks that caused thousands of foreclosures through massive fraud and criminality (along with the rating agencies (e.g. Moodys)) \$85 million rather than going after the \$300 million that might be obtained by taking the criminal banks to court. Is this surprising since Orr's former employer, Jones Day, worked for Bank of America? Detroit shouldn't be bankrupt. The federal government is morally bankrupt. That is the real problem.

The proposition that an unelected dictator bankruptcy lawyer is going to fix Detroit in a few months (in a bogus speeded up process (according to attorney Jerome Goldberg it is greatly speeded up) in time for the November gubernatorial election) is insane. It should be noted that regionalisation of DWSD and public lighting were put in play before Orr. Is Orr going to bring the jobs back from China and Mexico, decriminalize drugs (to stop the war on drugs which I suspect causes so much crime), and as I have written this court in the past weaken the mayor, strengthen the council, and let a non political city manager run the city? He will do none of these necessary things. Instead he privatizes (which reduces worker pay thus reducing the middle class), attacks the overall very successful pension systems, attacks unions, and plans to continue Bing's outsourcing of public lighting (to light only 60% of the City).

Wallace Tuberville strongly criticizes much of what going on in his report at demos.org. Most of Michigan's cities under EMs have been decimated by loss of manufacturing to third world countries. Rather than stopping trading with them (many are dictatorships) or instituting tariffs (thus protecting the American middle class, as was done up until Reagan) Orr wants to slash pensions, outsource to lower paying jobs, and slash nonessential services. His approach clearly reduces the overall middle class. It should be noted that if I (as a city worker) said half of what Orr said regarding Detroit ("fat, dumb, happy, lazy") I'd be fired. Instead Synder apparently merely required an apology. One high up where I work that has met Orr said that he is "mean". Like Synder, he clearly has no respect for the will of the people (i.e. the ballot initiative voted out the EM) or the Michigan Constitution that protects pensions.

Synder imposed Orr on the City in spite of the fact that the Financial Advisory Board had a plan to avoid bankruptcy. The City was saddled with the Financial Advisory Board (FAB) on condition of borrowing bond money backed by the state. City attorney Corporation Counsel Krystal Crittendon opposed borrowing the money and getting a FAB because according the city charter it was illegal to enter into an agreement with an entity that owed the City money (i.e. the \$220 million that the state had reneged of paying the City in exchange for lowering the City income tax and some other millions Michigan owes the City). Judge Collette wouldn't hear Crittendon's claim that the City was violating the charter because he claimed that she didn't have standing. She didn't have standing because she didn't have approval of Mayor Bing. Yet Bing and the city council were violating the charter (and letting the state off the hook for the \$220 million). Bing subsequently had Crittendon removed as Corporation Counsel to appoint a nice flunky. So Synder decided to impose Orr on the City even though his FAB had come up with a plan to keep the City solvent.

Lets discuss the ringmaster of this facade: Rick Synder. When he campaigned for governor he only gave the voters vague new age-ish sounding business statements. A majority of the voters foolishly voted for someone who wouldn't tell them what he was going to do and debated his democratic opponent no more than once, if that, and far outspent the democrat. Had he told us what he was going to do - tax pensions, cut the Homestead property Tax credit (which cost me about \$400/year, an effective 25% state tax increase), attack public school teachers, cut funding for schools and turn the money over to corporations, sign right to work, support the heavily polluting method of destroying clean water known as fracking (which would never be allowed if Dick Cheney hadn't gotten it exempted from the Clean Water Act) he would never have been elected. Robert Reich wrote that 80% of stock is owned by the wealthy. Since Synder cut corporate taxes and raised mine in essence he took money from me, the little guy, and gave it to rich people. Regarding right to work I have heard both Bob King (UAW) Dale Kildee (Rep. Flint) said that Synder lied to them. When the people of the state voted out emergency managers, Snyder blithely ignored the will of the people and basically reinstated them. Many times I have heard Synder shamelessly pit Detroit's citizens against its workers. In the words of one expert, Synder decimated the Michigan film industry. I attended Synder's deposition before this court. Everyone there, or almost everyone, knew that he was lying. Yet after his many claimed memory lapses, one of Orr's lawyers told the court how brilliant Synder is. A couple of days ago I heard state Representative Jim Townsend say that Synder's S corporation (or something like that) tax cuts were going to cost the state \$2 billion but haven't created one job. Under Synder my car insurance payments increased significantly.

I include now part of what I wrote to a national NPR radio show after hearing inaccuracies regarding the bankruptcy:

///I just heard your segment on the Detroit bankruptcy and have several comments. Detroit's long term debt is less than \$12 billion. The \$18 billion figure put out by Kevin Orr is a lie because it includes the \$5.8 billion in water dept. debt. The water dept. is a separate fund and shouldn't be included. Orr did

everything he could to make the long term debt sound worse than it is. He uses extreme assumptions to put the pension underfunding at, I think, \$3.7 billion. The pension systems put it at, I think, around \$700 million; No elected official of Detroit declared bankruptcy, i.e. the mayor or city council. It was declared by Kevyn Orr, the EM imposed on the city by Rick Synder after the citizens of the state voted down the emergency manager law via ballot initiative. Please see Wallace Tuberville's report on Detroit on demos.org. It strongly criticizes much of what's going on and he is an expert; Rick Synder and Orr are ignoring that fact that public employee pensions are protected by the Michigan Constitution. This and the essentially illegal appointment of the EM will put all the EM is doing in court. Yet the EM is finding over \$100 million from a supposedly broke city to pay outside consultants and law firms, including Jones Day (his own). Tuberville states that long term debt shouldn't be the criteria for bankruptcy. It should be the immediate annual budget shortfall. He put that at about \$190 million. NOW LISTEN UP. The unions offered Dave Bing a way to save \$19million/year on health care. He wouldn't do it. Synder and the republican state legislature cut revenue sharing to the city by \$60 million/yr. Take into account what the banks should be paying the cities by causing property taxes to plummet by causing the subprime mortgage meltdown and what the federal government owes the cities for Bush stopping state attorney generals from investigating subprime mortgages (google Eliot Spitzer and this topic). Obama is collecting billions from the banks (a fraction of what they owe) in fines yet it isn't giving it to the cities. The state owes Detroit \$220 million in revenue sharing in return for cutting city income taxes under John Engler and Dennis Archer. I have seen estimates as high as \$800 million that Detroit is owed. GM, Mike Illicitch, Dan Gilbert, and other corporations are paying very little in property taxes. Bankruptcy could and should have been avoided. It was declared most certainly to attack unions and gain control of the pension systems. I believe that the republicans are trying to turn Michigan into a red state by pushing out blacks. EMs have been declared in other majority black Michigan cities. Where did all the blacks who lost their homes in Detroit due to the financial meltdown go? Finally you interviewed the right wing, extremely anti worker Sheila Cockerel. Did she vote for Kilpatrick's \$1.4 billion pension funding plan in 2005 that is now costing the city a fortune? I heard that the unions and pensions and JoAnn Watson strongly opposed this plan. You should interview Ed McNeil of AFSCME (sp?) 25 and Wallace Tuberville. Simply put, what Orr wants is to take my pension money (I'm paid as a senior programmer about what an auto worker gets) and give it to more highly paid newly hired non union programmers. This is flat out theft of deferred compensation. Think about it - about 1.7 generations (50 years since 1964 civil rights) of African Americans were able to work their whole lives and actually have something to show for it and now here comes Rick Synder playing to his racist base (see consortiumnews.com for racism and the modern Republicans; his approval rating among Michigan republicans went up after Orr declared bankruptcy) to steal it away from them. The bigger story here isn't Detroit's budget deficit (about \$190 million) but the corporate media and NPR missing the several stories on what's really going on here. See moratorium-mi.org, voiceofdetroit.net, the Michigan Citizen's websites. If you like I can send you a transcript of Moratorium Now's Jerry Goldberg deposing Orr, very successfully, in court. If Rick Synder really cares about Detroiters, why doesn't he declare a moratorium on foreclosures as was done in the 1930s, and declare NAFTA to be the good job destroying disaster that Ross Perot predicted that it would be.///

I return now to the current writing. Concerning Kevyn Orr's attacks on the pension boards, the pensions were doing very well until the 2008 financial meltdown caused by Bank of America, etc. and Republican and Bill Clinton deregulation.

Depending on who one reads, 600 – 1000 people went to jail for the savings and loan collapse in the 1980s. The 2008 meltdown was 10 times larger yet almost nobody has gone to jail and no heads of the

large banks. Instead this court chooses to steal municipal employees pensions. We weren't the ones selling \$300 thousand dollar homes to waitresses, then bundling these mortgages up into toxic investments, then giving these investments great ratings, then magnifying the damage with unregulated derivative (Bill Clinton and the 1999 Congress) bets.

I asked the mayor of my city of residence, Madison Heights, if the city's employees who retired before age 65 received health care. His answer was yes in a tone that suggested it would be crazy to think otherwise. This is part of their compensation.

As Orr threatens to privatize DWSD and struggles with the counties it is clear he doesn't know what he is doing. Before the EM Bing was trying to get the counties to agree to more representation on the water board. DWSD claimed this would save \$50 million/yr in by improving DWSD's credit rating. I looked at the water board's meeting minutes concerning that. One member said that he hadn't seen research as to where the \$50 million was going to come from. I think if Orr were competent he should go back to that approach and come up with the numbers. However, we don't need an EM to do this.

I believe I saw that this court agreed with the unions and pensions that Orr didn't try and negotiate with them to avoid bankruptcy. Yet in court Orr spent I don't know how much time and money (legal fees) trying to maintain that he did. Also, at that point in time why would the pensions go out and actively pursue Orr to lower pensions when they are protected by the State's Constitution?

Orr is going to raise parking ticket fees. DWSD has hired several people to shut off water. Detroiters are beginning to see the true compassion that Rick Synder has for them. I didn't mind a \$20 dollar parking ticket but \$45?

The federal government is over \$17 trillion in debt (according to usdebtclock.com). Many on the left think Detroit is a test case to go after public employee pensions everywhere. Could federal judges one day find their pensions reduced? Ross Perot warned about unfunded federal liabilities back in 1992. Bill Clinton managed to balance the budget. George W. Bush promptly unbalanced it (which the aforementioned Paul O'Neil warned him would happen).

John Riele in his newspaper article said the City's general pension was better funded than the state of Michigan!!!! (enclosed)

The aforementioned strong mayor, weak council form of government has given us terrible mayors since I've been with the City. Dennis Archer helped John Engler take over the public schools (I believe in order to get at the \$1.5 billion bond that they had for new school construction; the schools are still under an EM over 10 years later), gave the City the IT disaster known as DRMS (which Orr wants to replace after the City spent at least \$120 million on it), and let Engler sucker him into lowering city income taxes. Then the mayor was the criminal Kilpatrick, who further wrecked the IT department, then the mayor was Dave Bing whose only thought was to privatize city departments and give DTE Energy city contracts and the Mininsky (sp?) power plant. It should be noted that Bing had been on DTE's board of directors.

On the Michigan public radio show on 91.7 at 10 PM a host said that Detroit employees are over compensated. Attached is a copy of my last pay check for 2013. At about \$51000 as a senior programmer with 2 college degrees I'm not overcompensated. And that was with a full pension. The City has recently lost 2 important IT people because of what is going on. One went to U of M for almost double the money (although the pension is a 401K). I am not someone who sold the City a good or service on credit. I am not someone who lent the City money. The pension is part of my compensation. What this court is doing is pure theft. The other person above that left the City said that he had head hunters after him for years for more money but he stayed because of the pension. Perhaps Orr and this court will raid our bank accounts and take our houses next because we were

"overcompensated".

Last week Orr put a gun to the pensioner's head to vote for what his latest proposal (4.5% cut for the general retirement system, etc) or else. And oh yes, drop the lawsuit that he is violating the state constitution. What is he so afraid of if he truly believes that he is legally entitled to steal pensions?

In the 1980s I predicted that with what Reagan was doing and being allowed to do by the Congress the U.S. would become a third world country. This is another nail in the coffin of the American middle class, a subject on which I have several books. If the pensioners have the wherewithal to vote this down and the case goes to the US Supreme Court which way will the best court that money can buy rule?

- James Capizzo